

FISCAL NOTE

SB 3615 - HB 3382

March 30, 2006

SUMMARY OF BILL: Establishes a licensing framework for wholesale pharmacy distributors that reside or ship prescription drugs into the state.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$52,600 Recurring
\$58,300 One-Time
\$8,200/Incarceration***

**Increase State Revenues - \$52,600 Recurring
\$8,300 One-Time**

Assumptions:

- Currently, there are 1,238 wholesale distributor licensees.
- The Department of Commerce and Insurance would need an additional administrative assistant to gather, review and verify the additional information submitted by the wholesale distributor applicants. Such position will result in an increase in recurring expenditures of \$52,600 and one-time expenditures of \$8,300.
- The Department will contract with a third party to conduct the study required by the bill at an estimated cost of \$50,000.
- Manufacturer wholesale distributor licensing fees will be increased by \$44 per license to cover the increased expenditures.
- One Class C felony conviction every two years with 0.9 years time served (328.73 days). The annualized time served per conviction is 164.37 days (0.50 annual number of convictions x 328.73 days served). According to the Department of Correction, the average operating cost per inmate per day for calendar year 2006 is \$50.02. The annualized cost per conviction is \$8,200 (0.50 x 328.73 x \$50.02).
- According to the U. S. Census Bureau, population growth in Tennessee has been 1.09% per year for the past 10 years, yielding a projected compound population growth of 13.6% over the next ten years. No significant incarceration cost increase will occur due to population growth in this period.

* Tennessee Code Annotated, Section 9-4-210, requires that: *For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director